



# THE GOP CONGRESS HAS NO ENERGY POLICY

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— DPC —

## **“THE SQUIRRELS ARE BETTER PREPARED FOR WINTER”**

*Rep. Ed Markey on the GOP's Nonexistent Energy Policy*

With an Autumn chill settling across the northern states, demand — and prices — for heating oil and diesel fuel are climbing. Diesel prices have risen steadily for seven weeks and are now nearly 25 cents a gallon higher than they were on August 1<sup>st</sup>. The American Petroleum Institute is reporting heating oil inventories 20% lower than last Winter. Experts are predicting that a 30% increase in home heating bills this winter is now unavoidable.

World crude prices hit \$37 a barrel this week, with some market analysts predicting a price peak at \$40 a barrel. The ripple effect from high energy prices is spreading across the economy, as airlines add \$20 surcharges to fares and farmers pay record-high fuel prices to harvest crops that are selling for record-low prices.

Despite six months of such alarming headlines, Republicans have not passed a single bill to help consumers.

### **FAILING TO STAND UP TO OPEC**

The Strategic Petroleum Reserve (SPR) is a 570 million barrel insurance policy to protect our security and prosperity from foreign-caused fuel shortages. Our ability to release this oil is a powerful bargaining chip to push oil exporting countries to increase production. For the third time since Republicans took control of the Congress, however, Republicans have let the President's authority to sell crude from SPR lapse.

In fact, SPR authority has lapsed for a total of 18 months during the past six years of GOP control. President Clinton has had to negotiate with OPEC with this disadvantage since March 31<sup>st</sup>, when his SPR authority expired again. During one of the worst fuel crises the country has faced in twenty years, the Republicans may adjourn for the year without reauthorizing SPR — thereby allowing SPR authority to lapse for the longest time since the reserve was created 25 years ago. It is like letting your flood insurance lapse during a rainstorm in the middle of flood season.

Furthermore, in 1999, the Republicans rejected an Energy Department proposal to buy \$100 million of crude oil (or nearly 10 million barrels of crude at that time of record low prices) to build up SPR for use during a gas crisis. The reserve has 115 million barrels of unutilized capacity that could have been filled with low-price domestic crude — building up our reserve and helping domestic producers. Now, after losing near-record numbers of American producers in 1998, we are more dependent than ever on imports.

## Grand Oil Party

As high gas prices threaten to derail the longest period of economic growth in American history, Republicans refuse to ask their big oil friends about the decisions that led to widespread shortages in domestic oil reserves or about the 300-plus percent increases in corporate profits being reported by the largest oil companies.

House Republicans have only reluctantly called industry witnesses to testify at congressional hearings. At the same time Republicans were attacking the Administration at hearings in June, prices in the Midwest dropped dramatically after the Federal Trade Commission (FTC) found sufficient evidence of price-fixing by the oil industry to investigate.

In fact, as the FTC started issuing subpoenas, GOP Leader Dick Armey, on June 21<sup>st</sup>, called for an end of "finger pointing" at big oil. Despite the sharp climb in profits of 300 to 500 percent, the big, international oil corporations are not investing in increasing domestic production.

Instead of looking at the practices of the oil industry, Republicans are calling for increased drilling in environmentally-sensitive areas. For example, Republican Whip Tom DeLay has called for increased drilling off America's coastline. DeLay said, "Listen, the cleanest thing you could do is drill off the coast of California and Florida." (*Meet the Press*, March 19, 2000). DeLay has also called for drilling in the environmentally-sensitive Arctic National Wildlife Reserve (ANWR) -- and several prominent Republicans have joined him. Indeed, GOP presidential nominee George W. Bush has joined the call for drilling in ANWR. Bush stated in June, "I believe we have to have exploration of ANWR." (*Houston Chronicle*, 7/5/00) Even if there were no environmental risks, it can take over a decade to find and develop new oil fields.

If these Republican proposals pass, the only thing that will get pumped up this year are bonuses for oil company executives.

## REPUBLICANS DROP THE BALL

It is hard to believe now, but at one point the United States was the world leader in developing and using energy-efficient technology. But, in the 1980's, despite the fresh memories of gas lines that were all too common in the 1970's, Republicans started their attacks on energy conservation programs. The Reagan/Bush Administrations repeatedly proposed to zero-out vital energy efficiency and renewable energy programs. In the end, the GOP Administrations cut energy research and development funding by billions of dollars. The high pump prices we are paying today are a legacy of this shortsighted policy.

In the face of a year of wildly fluctuating gas prices, Republicans still refuse to invest in energy independence. So far this year alone, Republicans cut renewable energy research by \$106 million below the President's request in the Energy & Water bill, and passed a \$211 million cut in the President's request for energy research in the Interior bill.

This follows five years of steady attacks on energy conservation programs since Republicans took control of Congress. In 1995, Republicans cut energy efficiency programs by 26% (\$1.117 billion in FY1995 was cut to \$840 million in FY1996). This dramatic cut included a 50% cut in the critically-important Weatherization Assistance Program. Indeed, according to DOE, if the Republicans had just level funded the Weatherization Assistance program between 1996 and 2000, the Energy Department could have provided assistance to 250,000 more households. The Budget Committee Report for FY1997 actually recommended abolishing the Department of Energy, and further cut energy conservation programs 62% over five years.

Up to the current year, the GOP has slashed funding for solar, renewables, and conservation programs by a total of \$1.338 billion below Clinton Administration requests. This year's potential cuts would push that number to \$1.6 billion!

Despite all of the above facts, on June 21, GOP Leader Dick Armey blamed the Administration for leaving the US "overly dependent on foreign oil." Similarly, on September 20, House GOP Conference Chair J.C. Watts charged, "The Clinton-Gore Administration chose to ignore the warning signs that our dependency on foreign oil was increasing as our domestic production was decreasing."

What Republicans fail to recognize is that energy-efficiency programs work. Despite GOP cutbacks, years of work in partnership with private enterprise has led to dramatic improvements in everything from high-efficiency home appliances, to energy-efficient home construction, to low-energy lighting. Each of these breakthroughs has saved money for consumers and cut energy needs for the entire country.

## **NO REAL PLAN IN SIGHT**

In April of 1999 — after OPEC's production cuts started a sharp rise in prices (!) — Republican leaders Dick Armey, Tom DeLay, and Roy Blunt joined Budget Chair John Kasich and 34 other Republicans to introduce H.R. 1649, the "Department of Energy Abolishment Act." The Armey-Delay Energy Bill eliminated the Energy Department and with it oil conservation programs and research and renewable energy conservation and research. It took energy policy out of the cabinet, and sold off the SPR and the Navy's petroleum reserves.

**Despite the prices consumers are paying at the pump — bill sponsor Rep. Tiahrt is still asking for more Members to support H.R. 1649.**

Republican Leaders have proposed to ignore environmental concerns and to drill for oil in the Arctic National Wildlife Reserve — a step that would take years before crude would appear on the market. Furthermore, Senator Trent Lott and Gov. George W. Bush spent weeks calling for a risky gas tax suspension that could have jeopardized billions of dollars in highway and transit money without any guarantee that the savings would go to consumers and not simply end up contributing to the record-setting increase in oil industry profits. Senator Lott's proposal was defeated on April 11<sup>th</sup>, when he fell 17 votes short of cloture, gathering only 43 votes in support, while 56 voted against.

An ironic example of Republicans' giving new meaning to an "oversight" hearing, Rep. Dana Rohrabacher (R-CA), Chairman of the Energy and Environment Subcommittee of the House Science Committee, held hearings in 1996 that attacked the DOE's Energy Information Administration for consistently "overestimating" the price of oil and using those "inflated" predictions to justify increases in conservation R&D programs. The Subcommittee chairman, Rep. Rohrabacher, criticized DOE officials for predicting "an imminent oil crisis" that could be caused by increased demand, increased imports and instability in the Persian Gulf. The projections that drew Chairman Rohrabacher's criticism predicted that by the year 2000, the price per barrel of imported oil would be as high as \$34.<sup>1</sup> This week, prices hit \$37.

## **SCROOGE WAS A REPUBLICAN**

Republicans have failed to take any steps to create a home heating oil reserve. In April, House Republicans allowed a bill to pass (the Energy Policy and Conservation Act Reauthorization) which included in its provisions a Democratic proposal creating the Reserve, but the proposal was promptly blocked in the Senate and has yet to be enacted. Then, on June 15<sup>th</sup>, Republicans overwhelmingly voted down an amendment by Rep. Sanders to provide \$10 million for an oil reserve (Roll Call No. 286). Republican members, who are now blaming the White House for not preparing for the coming crisis, voted against or failed to vote at all on the Sanders Amendment, which lost by only two votes — 193 ayes to 195 nays.

Despite Republican finger-pointing, after the Sanders amendment was defeated, on July 10, President Clinton actually created a two million barrel emergency home heating oil reserve using an oil swap from the Strategic Petroleum Reserve (SPR) and his limited administrative authority. This mini-reserve and the Low-Income Home Energy Assistance Program (LIHEAP) are the only measures now in place to help consumers.

Ignoring the hardship faced each year by lower-income elderly, families with children and the infirm, Republicans continue to fight against providing the Administration requests for weatherizing low income homes to keep demand — and heating bills — down. And one of the Republicans' first proposals on energy policy when they took the majority was to try to kill the Low-Income Home Energy Assistance Program (LIHEAP) that helps these same families pay their heating and cooling bills.

Furthermore, in 1996, House Republicans proposed to count LIHEAP payments as income for purposes of determining assistance under food stamps. The Republican, Scrooge-plan would have forced millions of disadvantaged families to choose between food or heat.

## **PASS THE DEMOCRATIC ACTION PLAN!**

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<sup>1</sup>"U.S. Energy Outlook and Implications for Energy R&D," Hearing before the Subcommittee on Energy and the Environment of the Committee on Science, U.S. House of Representatives (104<sup>th</sup> Congress, 2<sup>nd</sup> Session) (March 14, 1996)

We need to take immediate steps to protect American consumers and increase domestic oil production. Democrats and the Administration have proposed a long list of policy initiatives that would encourage domestic efficiency, increase US production, and protect consumers:

- C Fully fund the Administration's request for energy efficiency and renewables programs.
- C Provide tax incentives to keep marginal wells in production and encourage domestic oil exploration. Marginal wells account for over 20% of the US's on-shore oil production. Give priority to buying domestic crude from marginal wells during times of low prices, and use these purchases to fill the over 110 million barrels in excess capacity in SPR.
- C Pass tax incentives for renewable energy sources, and tax credits for high efficiency homes, buildings and vehicles.
- C Pass SPR reauthorization now. While President Clinton has aggressively used his limited remaining SPR authority to alleviate supply shortages with limited "swaps" of crude, SPR sales would actually increase supply, show our resolve to OPEC and calm domestic markets.
- C Fully fund the Low-Income Home Energy Assistance Program (LIHEAP).
- C And finally, we need to fully support the Administration's new Northeast Heating Oil Reserve by giving the President explicit authority to use the Reserve this Winter and fully funding the Reserve.